

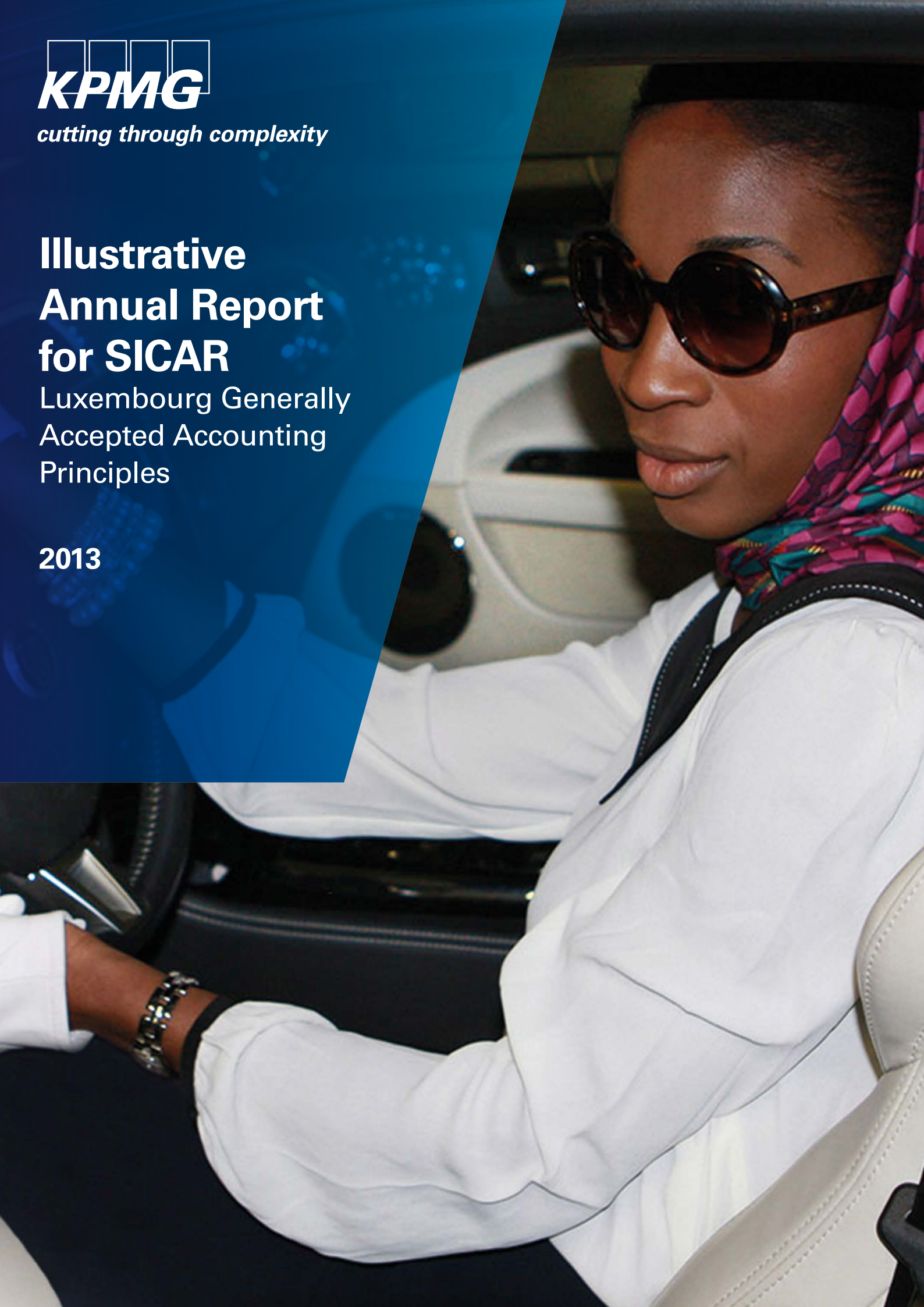


*cutting through complexity*

# Illustrative Annual Report for SICAR

Luxembourg Generally  
Accepted Accounting  
Principles

2013



# Illustrative Annual Report for SICAR

## Luxembourg Generally Accepted Accounting Principles

Following the growing importance of private equity as an asset class in Luxembourg the SICAR structure is attracting interest as a fund vehicle for investments in private equity, venture capital and mezzanine debt.

Regulatory initiatives such as AIFMD have brought additional reporting requirements and with increasing demands for transparency, from both regulators and investors, financial reporting has become a quality differentiator. While Luxembourg GAAP provides for some flexibility it is essential to get the balance right between compliance and transparency.

We have prepared this illustrative annual report based on observations from the SICAR landscape and we have included a number of references to laws and regulations to make it a practical tool. We hope that this publication will be of benefit to you.

**Thierry Ravasio,**  
Partner, Head of Private Equity

In early autumn 2013, KPMG Luxembourg's Private Equity practice performed an analysis of the SICAR landscape based on annual reports filed with the Registre de Commerce et des Sociétés (RCS), the official list of SICAR published by the Commission de Surveillance du Secteur Financier (CSSF) and other related data. Selected survey results can be found in the orange boxes throughout this book.

# Glossary

|                 |   |
|-----------------|---|
| Annual Accounts | Annual accounts refer to the balance sheet, the profit and loss account and the accompanying notes.   |
| Annual Report   | Annual report refers to the annual publication comprising the annual accounts, the activity report and other information disclosed therein.   |
| CSSF            | Commission de Surveillance du Secteur Financier<br>(Luxembourg financial sector supervisory authority)  |
| Luxembourg GAAP | Luxembourg GAAP is used as a reference to the legal and regulatory requirements as laid out in Title II of the law of 19 December 2002 relating to annual accounts, accounting records and the companies register as amended by the law of 10 December 2010 as well as the provisions of the law of 15 June 2004 ("SICAR Law"). |
| R.C.S.          | Registre de Commerce et des Sociétés du Grand-Duché de Luxembourg<br>(Commercial and Companies Register)  |
| SICAR           | Société d'investissement en capital à risque<br>(investment company in risk capital)  |

## A SICAR may take any of the below legal forms

|            |  |
|------------|--|
| S.A.       | Société Anonyme<br>(public limited company)  |
| S.à r.l.   | Société à responsabilité limitée<br>(private limited company)  |
| S.C.A.     | Société en commandite par actions<br>(corporate partnership limited by shares)   |
| S.C.o.S.A. | Société coopérative organisée comme une société anonyme<br>(cooperative company organised as a public limited company) |
| S.C.S.     | Société en commandite simple<br>(limited partnership)  |
| S.C.S.p    | Société en commandite spéciale (limited partnership without legal personality)   |



## About this publication

The purpose of this publication is to assist you in preparing annual reports for a SICAR under Luxembourg generally accepted accounting principles. It illustrates one possible format of an annual report for a fictitious single-compartment S.C.A.-SICAR, named SICAR Illustrated S.C.A. Due to the S.C.A. context the examples given herein may need to be adapted for entities of other legal forms organised as SICARs, notably with regards to the General Partner function.

This illustrative annual report has been prepared based on Luxembourg legal and regulatory requirements in force as at December 2013 as well as our view of best practice and should not be regarded as the only acceptable form of presentation. All references to laws include amendments in force as at December 2013.

The reporting entity's General Partner or Board of Directors is responsible for the preparation and fair presentation of the annual accounts.

References to laws are made in the margin of the relevant page. The applications of the articles referred to are further discussed in *explanatory notes* on the same page. General discussions on presentation and disclosures without specific references to law are presented in *guidance notes*.

### SICAR Survey

**In 2012 the annual report of 82% of SICARs surveyed was completed within six months of their financial year end.**



## General information

- |                                |   |
|--------------------------------|---|
| Art 23(2) Law of 15 June 2004: | The annual report together with the report of the réviseur d'entreprises agréé (independent auditors) shall be made available to the investors within six months from the end of the period that these reports refer to.  |
| Art 24(2) Law of 15 June 2004: | The annual report must include a balance sheet or a statement of assets and liabilities, an income and expenditure account for the financial year, a report on the activities of the past financial year, as well as any significant information enabling investors to make an informed judgment on the development of the activities and the results of the SICAR. |
| Art 24(3) Law of 15 June 2004: | SICARs are explicitly exempt from the requirement of preparing consolidated accounts.   |

# **SICAR Illustrated S.C.A.**

**Annual Accounts for the year ended  
December 31, 2013\* with the report of  
the Réviseur d'Entreprises Agréé thereon**

2 rue de l'Investissement  
L-1234 Luxembourg  
Grand-Duchy of Luxembourg  
R.C.S. Luxembourg: B 999999

\*For a period other than twelve months replace  
"year ended December 31, 2013" with "period  
from [date] to [date]".

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# Management and Administration

## Registered Office

2 rue de l'Investissement  
L-1234 Luxembourg  
Grand-Duchy of Luxembourg

## General Partner

SICAR Illustrated General Partner S.à r.l.  
2 rue de l'Investissement  
L-1234 Luxembourg  
Grand-Duchy of Luxembourg

## Board of Managers of the General Partner

[Individuals appointed to the Board of Managers of the General Partner]

## Investment Adviser

[Name and address of the Investment Adviser]

## Administrator

[Name and address of the Administrator]

## Depositary

[Name and address of the Depositary]

## Legal Adviser

[Name and address of the Legal Adviser]

## Auditor

KPMG Luxembourg S.à r.l.  
9 Allée Scheffer  
L-2520 Luxembourg

### Guidance

Changes to the above information as well as the effective date shall be disclosed.

# Activity report

Article 24(2)  
Law of 15 June 2004

## SICAR Survey

80% of SICARs provided an activity report of 1-5 pages with 6% providing more than 10 pages.

### Explanatory note

Article 24(2) Law of 15 June 2004

The annual report of a SICAR must comprise of an activity report on the past financial year and contain any significant information enabling investors to make an informed judgment on the development of the activities and the results of the SICAR. While the SICAR law does not state the detailed content of the activity report, article 68 of the law of 19 December 2002 prescribes the content of the management report applicable for commercial companies. As a matter of best practice a SICAR could comply with this article of the 2002 law when preparing its activity report.

Whilst the activity report is a mandatory part of the annual report as provided to investors and to the CSSF, SICARs applying Luxembourg GAAP may consider filing abridged annual accounts with the R.C.S. in order to keep sensitive information out of the public domain.

### Guidance

The below presentation of an activity report should be viewed as an example. Each entity needs to adapt the content and presentation of the activity report to its specific situation. For further guidance and inspiration the Standardized Reporting Templates issued by the Institutional Limited Partners Association (ILPA) can be consulted at: <http://ilpa.org/>

Dear Shareholders, SICAR Illustrated General Partner S.à r.l. has the pleasure to present the annual report of SICAR Illustrated S.C.A. (the "Company") for the financial year ended December 31, 2013 based on the reported and unadjusted Net Asset Value of the fund.

### Financial highlights

|   | December 31, 2013 | December 31, 2012 |
|---|-------------------|-------------------|
| Total Assets                            | [Amount]          | [Amount]          |
| Net Assets attributable to shareholders | [Amount]          | [Amount]          |
| Profit/(Loss) for the financial year    | [Amount]          | [Amount]          |
| Net IRR                                 | [%]               | [%]               |

### Guidance

Under this point the General Partner can discuss the financial performance of the SICAR from a shareholder perspective.



## Portfolio overview

### Guidance

The portfolio overview should contain information on the methods and assumptions that have been used to value the investee companies and other relevant information such as recent performance and transactions. The General Partner may also provide an investment outlook in this section. Two examples are provided below; a direct investment and a fund investment.

#### Alpha Company S.A.

Alpha is a publishing company located in Luxembourg. The Company first acquired shares in Alpha in May 2011. In addition to its equity investment the Company also provided a shareholder loan to Alpha. As at December 31, 2013 the General Partner valued the investment in Alpha at fair value using multiples.

The Company holds 40% of the shares in Alpha Company S.A. The Investment Adviser is represented on the board of directors of Alpha Company S.A.

#### Epsilon Partners Fund II

Epsilon Partners Fund II is a EUR 560 million private equity fund focused on mid-market transactions in Latin America. The fund made its fourth capital call during the year and has now called approximately 65 per cent of its committed capital.

During the year the fund has made two significant investments; the acquisition of Latin Glass, a bottling company, and a 65 per cent stake in Zapatos Nuevos, a Mexican chain of shoe repair stands.

The investment in Epsilon Partners Fund II was valued at 1.2 times cost as at December 31, 2013.

## Realisations

### Guidance

Under this section the General partner can provide information on realised investments. Such information could be presented in a number of ways; one example is the table below.

| [Investment name]    |                      |
|----------------------|----------------------|
| Activity description | [Business activity]  |
| Location             | [Location]           |
| Date of investment   | [Date]               |
| Equity investment    | [Amount]             |
| Debt investment      | [Amount]             |
| Date of exit         | [Date]               |
| Type of exit         | [IPO/secondary sale] |
| Proceeds - equity    | [Amount]             |
| Proceeds - debt      | [Amount]             |
| Realised IRR         | [%]                  |

### Committed capital

As at December 31, 2013 the Company has called EUR [amount] or [x %] of committed capital. Total capital invested by the Company is EUR [amount].

### Result for the financial year

The General Partner proposes to carry forward the profit/loss for the financial year ended December 31, 2013 of EUR [amount].

### Remuneration

#### Explanatory note

A SICAR meeting the definition of an Alternative Investment Fund ("AIF") is required by article 20 (2) of the law 12 July 2013 to disclose in its annual report;

- the total amount of remuneration for the financial year, split into fixed and variable remuneration, paid by the AIFM to its staff, and number of beneficiaries, and, where relevant, carried interest paid by the AIF.
- the aggregate amount of remuneration broken down by senior management and members of staff of the AIFM whose actions have a material impact on the risk profile of the AIF.

This information can be included in the activity report of the SICAR. The implications of AIFMD on the SICAR must be assessed on a case by case basis.

### Events after the balance sheet date

#### Guidance

Events of interest occurring after the financial year end but before the issuance of the financial statements. Examples can be acquisitions/disposals of new investments, capital calls or additional commitments.

Luxembourg, [Date]

[Signature]

[Name of Manager]  
Manager of the General Partner

[Signature]

[Name of Manager]  
Manager of the General Partner

To the Shareholders of  
SICAR Illustrated S.C.A.  
2 rue de l'Investissement  
L-1234 Luxembourg  
Grand-Duchy of Luxembourg

## REPORT OF THE REVISEUR D'ENTREPRISES AGREE

### Report on the annual accounts

We have audited the accompanying annual accounts of SICAR Illustrated S.C.A., which comprise the balance sheet as at December 31, 2013 and the profit and loss account for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Responsibility of the Board of Managers of the General Partner for the annual accounts*

The Board of Managers of the General Partner is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts, and for such internal control as the Board of Managers of the General Partner determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

#### *Responsibility of the Réviseur d'Entreprises agréé*

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the judgement of the Réviseur d'Entreprises agréé, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the Réviseur d'Entreprises agréé considers internal control relevant to the entity's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Managers of the General Partner, as well as evaluating the overall presentation of the annual accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, the annual accounts give a true and fair view of the financial position of SICAR Illustrated S.C.A. as of December 31, 2013, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts.

### Report on other legal and regulatory requirements

The activity report, which is the responsibility of the Board of Managers of the General Partner, is consistent with the annual accounts.

Luxembourg, [date]

KPMG Luxembourg S.à r.l.  
Cabinet de révision agréé

[Name of Partner]

# SICAR Illustrated S.C.A.

## Balance sheet as at December 31, 2013

(expressed in EUR)

|   | Notes  | December 31,<br>2013 | December 31,<br>2012 |
|---|--------|----------------------|----------------------|
| <b>ASSETS</b>                                     |        |                      |                      |
| Formation expenses                                | 2c, 3  |                      |                      |
| <b>Financial Fixed Assets</b>                     |        |                      |                      |
| Shares in affiliated undertakings                 | 4a, 4b |                      |                      |
| Loans held as fixed assets                        | 4a, 4c |                      |                      |
| <b>Current Assets</b>                             |        |                      |                      |
| Other debtors                                     |        |                      |                      |
| Cash at bank                                      |        |                      |                      |
| <b>TOTAL ASSETS</b>                               |        |                      |                      |
| <b>LIABILITIES</b>                                |        |                      |                      |
| <b>Capital and reserves</b>                       |        |                      |                      |
| Subscribed capital                                | 5      |                      |                      |
| Result brought forward                            |        |                      |                      |
| Result for the financial year                     |        |                      |                      |
| <b>Creditors</b>                                  |        |                      |                      |
| Becoming due and payable within one year          |        |                      |                      |
| Becoming due and payable after more than one year |        |                      |                      |
| <b>TOTAL LIABILITIES</b>                          |        |                      |                      |

### Guidance

In accordance with article 4(2), law of 15 June 2004 a SICAR may foresee in its articles of incorporation that its share capital is to be equal to its total net assets at all times. If this is the case the captions included under capital and reserves above may be replaced by a single "net asset value" caption. Where shareholders capital is represented by a single net asset value caption in the balance sheet a statement of changes in net assets, reconciling the closing balance to the opening balance, should be added.

The accompanying notes form an integral part of these annual accounts

## SICAR Illustrated S.C.A.

# Profit and loss account for the year ended December 31, 2013

(expressed in EUR)

|  | Notes | December 31,<br>2013 | December 31,<br>2012 |
|--|-------|----------------------|----------------------|
| <b>CHARGES</b>   |       |                      |                      |
| Value adjustment in respect of formation expenses      | 2c, 3 |                      |                      |
| Other external charges                                 | 6     |                      |                      |
| Value adjustments in respect of financial fixed assets | 4     |                      |                      |
| Interest and other financial charges                   |       |                      |                      |
| Profit for the financial year                          |       |                      |                      |
| <b>TOTAL CHARGES</b>                                   |       |                      |                      |
| <b>INCOME</b>  |       |                      |                      |
| Value adjustments in respect of financial fixed assets | 4     |                      |                      |
| Interest income from financial fixed assets            |       |                      |                      |
| Dividend income from financial fixed assets            |       |                      |                      |
| Other financial income                                 |       |                      |                      |
| Loss for the financial year                            |       |                      |                      |
| <b>TOTAL INCOME</b>                                    |       |                      |                      |

### Guidance

The above examples of a balance sheet and a profit and loss account have been prepared using captions expected to be relevant for a SICAR. Additional captions may be necessary in some situations. Likewise, some of the above captions may not be needed in all cases. Notes disclosures should be adapted to each entity.

SICARs are exempted from preparing their annual accounts in accordance with the Luxembourg Standard Chart of Accounts by article 13 of the Luxembourg Commercial Code (*Code de Commerce*).

The accompanying notes form an integral part of these annual accounts

# Notes to the annual accounts for the year ended December 31, 2013

## 1 General

SICAR Illustrated S.C.A. ("the Company") was incorporated in Luxembourg as a "société en commandite par actions" on July 22, 2009 for a period of [duration of the company] or; an unlimited period of time.

The Company is registered under number B 999999 with the Register of Commerce in Luxembourg.

The Company is authorised as a SICAR by the Commission de Surveillance du Secteur Financier and is therefore governed by the law of 15 June 2004 relating to SICAR.

The General Partner of the Company is SICAR Illustrated General Partner S.à r.l. who is established under the laws of Luxembourg and registered with the R.C.S. under number B 111111.

The purpose of the Company is to invest in assets representing risk capital within the meaning of the law of 15 June 2004 as amended.

### Explanatory note

#### Article 1(2) Law of 15 June 2004

Investment in risk capital is the direct or indirect contribution of assets to entities in view of their launch, development or listing on a stock exchange. This excludes investments in mature companies without any specific plan for further development. It is the responsibility of the General Partner to ensure that the investments of the SICAR meet the definition of risk capital.

CSSF Circular 06/241 [here](#):

The circular further describes the concept of risk capital as defined in the SICAR law. An intention to develop the target entities and a high risk related to the investment are characteristics of risk capital. The level of active management of the target entity on behalf of the SICAR and the holding period of the investment are criteria used to determine the eligibility of an investment. Direct ownership of real estate is not allowed although risk capital investments in real estate companies are.

### Guidance

The eligibility criteria apply equally to the underlying investments in funds of funds. It is therefore key that the underlying investment strategy of any proposed investment in a fund is reviewed against those criteria at the due diligence stage to ensure compliance.

The Company's financial year commences on the first day of January and ends on the last day of December.



# Notes to the annual accounts for the year ended December 31, 2013

## 2 Principal accounting policies

### a) Basis of preparation

These annual accounts have been prepared in accordance with legal and regulatory requirements in the Grand-Duchy of Luxembourg, notably the law of 15 June 2004 ("the SICAR Law") and generally accepted accounting principles in Luxembourg.

Accounting policies and valuation rules are, besides legal requirements, determined by the General Partner.

The preparation of annual accounts in accordance with such principles requires the use of estimates and assumptions that affect the reported amounts and disclosures. The General Partner believes that the underlying assumptions are appropriate and that these annual accounts therefore present the financial position and results of the Company fairly.

### b) Financial fixed assets

#### Direct investments

Risk capital investments held as financial fixed assets includes shares and loans and are carried at fair value as determined in good faith by the General Partner using the valuation guidelines published by the International Private Equity and Venture Capital Association (IPEV) as a basis for the valuation.

In determining the fair value of an investment the General Partner considers the three commonly used valuation approaches: the income, market and cost approaches. Therefore the General Partner takes into account any relevant third party transactions and other market observations as well as information obtained through its representation on the board of directors, or otherwise, of investee companies.

#### Funds

The fair value of the underlying funds is based on the net asset value as determined by the administrator or General Partner of the fund. Where no net asset value has been determined at the reporting date the investment is valued using the latest available net asset value adjusted for cash movements up to the reporting date.

The General Partner may adjust the reported net asset value of an underlying fund or perform an independent valuation should the net asset value not be considered as representative of fair value.

#### Explanatory note

Article 5(3) Law of 15 June 2004

The valuation of the assets of the Company is based on the fair value. The fair value must be determined in accordance with the rules set forth in the articles of incorporation or the partnership agreement.

Article 5(3)  
Law of 15 June 2004

## Notes to the annual accounts for the year ended December 31, 2013

### 2 Principal accounting policies (continued)

#### Guidance

Although the board of managers of the General Partner may delegate the actual valuation work to a sub-committee, the investment advisor, a third party service provider or other trusted persons, the responsibility for the fair valuation of investments remains with the General Partner.

The general information presented in the accounting policy and in relation to each specific investment (in this example given within the activity report) should enable the reader to understand what methods the General Partner has used to determine the fair value of investments and what level of oversight the General Partner has exercised over the investments and their valuation.

#### c) Formation expenses

Formation expenses consist of costs in connection with the incorporation of the Company and are amortised on a straight line basis over a period of five years.

#### Explanatory note

Article 53 Law of 19 December 2002

Formation expenses must be written off within a maximum period of five years. Each entity decides whether to amortise or to write off the full amount of formation expenses immediately.

#### d) Foreign exchange translation

The Company maintains its accounts in euro ("EUR") and the annual accounts are presented in this currency.

All assets and liabilities, except the formation expenses, denominated in a currency other than EUR are translated into EUR at the exchange rates prevailing at the balance sheet date.

Income and charges denominated in a currency other than EUR are translated into EUR at the exchange rates prevailing at the transaction date.

Exchange rates as at December 31, 2013 were:

|                |
|----------------|
| EUR/USD [rate] |
| EUR/GBP [rate] |

#### e) Debtors

Debtors are stated at nominal value less adjustments for permanent impairment in value as deemed necessary by the General Partner.

#### f) Creditors

Creditors are stated at nominal value.

## Notes to the annual accounts for the year ended December 31, 2013

### g) Income and expenses

Interest income is recorded on an accruals basis net of withholding tax, if any. Dividend income is recognised when declared by the investment.

Expenses are recorded on an accruals basis and charged to the profit and loss account.

## 3 Formation expenses

|                                  | December 31, 2013 | December 31, 2012 |
|----------------------------------|-------------------|-------------------|
| Costs                            | EUR               | EUR               |
| At the beginning of the year     |                   |                   |
| Additions during the year        |                   |                   |
| At the end of the year           |                   |                   |
| Value adjustments                |                   |                   |
| At the beginning of the year     |                   |                   |
| Value adjustments for the year   |                   |                   |
| At the end of the year           |                   |                   |
| Net value at the end of the year |                   |                   |

## 4 Financial fixed assets

### a) Movements during the year

|  | December 31, 2013 | December 31, 2012 |
|--|-------------------|-------------------|
| Fair value at the beginning of the year          | [Equity+Loans]    | [Equity+Loans]    |
| Equity   | [Amount]          | [Amount]          |
| Loans  | [Amount]          | [Amount]          |
| Changes for the year                             |                   |                   |
| Additions  | [Amount]          | [Amount]          |
| Disposals  | [Amount]          | [Amount]          |
| Fair value adjustments on financial fixed assets | [Amount]          | [Amount]          |
| Fair value at the end of the year                | [Equity+Loans]    | [Equity+Loans]    |
| Equity   | [Amount]          | [Amount]          |
| Loans  | [Amount]          | [Amount]          |

# Notes to the annual accounts for the year ended December 31, 2013

## 4 Financial fixed assets (continued)

### Explanatory note

Article 39(3) Law of 19 December 2002

If not already disclosed in the balance sheet, movements of fixed assets have to be disclosed within the notes. For each item the following information is to be disclosed:

- purchase price
- additions and disposals during the financial year
- cumulative value adjustments
- rectifications made during the financial year to value adjustments made in previous financial years

Prior year comparative figures are not mandatory.

### b) Shares held as financial fixed assets

| Name                     | Date of first investment | Cost              | Fair value        | Unrealised gain/loss | Addition | Disposal | Cost              | Fair value        | Unrealised gain/loss |
|--------------------------|--------------------------|-------------------|-------------------|----------------------|----------|----------|-------------------|-------------------|----------------------|
| <b>Registered office</b> |                          | <b>31.12.2012</b> | <b>31.12.2012</b> | <b>31.12.2012</b>    |          |          | <b>31.12.2013</b> | <b>31.12.2013</b> | <b>31.12.2013</b>    |
| Alpha Company S.A.       | [date]                   |                   |                   |                      |          |          |                   |                   |                      |
| Beta Company Ltd         | [date]                   |                   |                   |                      |          |          |                   |                   |                      |
| Gamma Company GmbH       | [date]                   |                   |                   |                      |          |          |                   |                   |                      |
| Delta Company S.A.       | [date]                   |                   |                   |                      |          |          |                   |                   |                      |
| Epsilon Company S.A.     | [date]                   |                   |                   |                      |          |          |                   |                   |                      |
|                          |                          | [sum]             | [sum]             | [sum]                | [sum]    | [sum]    | [sum]             | [sum]             | [sum]                |

| Name                 | Registered office      | Ownership (fully diluted) | 31.12.2013 |        | 31.12.2012 |        |
|----------------------|------------------------|---------------------------|------------|--------|------------|--------|
|                      |                        |                           | Net Equity | Result | Net Equity | Result |
| Alpha Company S.A.   | Luxembourg, Luxembourg | [%]                       |            |        |            |        |
| Beta Company Ltd     | London, United Kingdom | [%]                       |            |        |            |        |
| Gamma Company GmbH   | Frankfurt, Germany     | [%]                       |            |        |            |        |
| Delta Company S.A.   | Paris, France          | [%]                       |            |        |            |        |
| Epsilon Company S.A. | Madrid, Spain          | [%]                       |            |        |            |        |

### Explanatory note

Article 65 (1:2) Law of 19 December 2002

For companies in which the SICAR holds twenty per cent or more of the capital the name and registered office, the proportion of capital held, the amount of capital and reserves and the result of the latest financial year of the investee company are to be disclosed.

## SICAR Illustrated S.C.A.

# Notes to the annual accounts for the year ended December 31, 2013

### c) Loans held as financial fixed assets

| Name  | Date of inception | Maturity date | Annual interest | Fair value December 31, 2012 | Increase | Decrease | Fair value December 31, 2013 |
|---|-------------------|---------------|-----------------|------------------------------|----------|----------|------------------------------|
| Alpha Company S.A.<br><i>Luxembourg, Luxembourg</i> | [date]            | [date]        | [% rate]        |                              |          |          |                              |
| Beta Company Ltd<br><i>London, United Kingdom</i>   | [date]            | [date]        | [% rate]        |                              |          |          |                              |
| Gamma Company GmbH<br><i>Frankfurt, Germany</i>     | [date]            | [date]        | [% rate]        |                              |          |          |                              |
| Delta Company S.A.<br><i>Paris, France</i>          | [date]            | [date]        | [% rate]        |                              |          |          |                              |
|   |                   |               |                 | [sum]                        | [sum]    | [sum]    | [sum]                        |

## 5 Capital and reserves

### Movements in capital outstanding

### EUR

|  |                 |
|--|-----------------|
| Total commitment   | [amount]        |
| First capital call [date]                                | [amount]        |
| Second capital call [date]                               | [amount]        |
| Third capital call [date]                                | [amount]        |
| Total paid in capital as at December 31, 2012            | [amount]        |
| Fourth capital call [date]                               | [amount]        |
| First distribution [date]                                | [amount]        |
| Second distribution [date]                               | [amount]        |
| <b>Total paid in capital as at December 31, 2013</b>     | <b>[amount]</b> |
| Capital committed but not called as at December 31, 2013 | [amount]        |

### Guidance

The above table should be modified according to the capital situation of the Company with regards to number of capital calls and distributions. If no capital committed remains uncalled at the end of the financial year the bottom line may be suppressed. Whether the SICAR is a variable capital SICAR or a fixed capital SICAR should be disclosed.

## Notes to the annual accounts for the year ended December 31, 2013

### 5 Capital and reserves (continued)

The Company has issued three classes of shares:

**Class A Share** – Management share subscribed by the General Partner as unlimited Shareholder (*actionnaire gérant commandité*).

**Class B Shares** – Ordinary shares subscribed by the Limited Shareholders (*actionnaires commanditaires*).

**Class C Shares** – Participating shares subscribed by other limited shareholders (*actionnaires commanditaires*) designated by the General Partner and which entitle the owners thereof to carried interest.

The subscribed capital of the Company is composed as follows:

|         | December 31, 2013 |                   | Additions during the year |                   | December 31, 2012 |                   |
|---------|-------------------|-------------------|---------------------------|-------------------|-------------------|-------------------|
|         | Shares            | EUR               | Shares                    | EUR               | Shares            | EUR               |
| Class A | [number]          | [amount]          | [number]                  | [amount]          | [number]          | [amount]          |
| Class B | [number]          | [amount]          | [number]                  | [amount]          | [number]          | [amount]          |
| Class C | [number]          | [amount]          | [number]                  | [amount]          | [number]          | [amount]          |
|         |                   | <u>          </u> |                           | <u>          </u> |                   | <u>          </u> |
|         |                   | <u>          </u> |                           | <u>          </u> |                   | <u>          </u> |

The net asset value per share is expressed in EUR. As at December 31, 2013 it was [X] EUR per class B share in issue (December 31, 2012 [X] EUR).

#### Explanatory note

Article 65 Law of 19 December 2002

The number and nominal value of shares subscribed during the financial year must be disclosed. In the absence of a nominal value the accounting par value of each class of shares is used. The existence of share classes conferring specific rights should be disclosed.

### 6 Other external charges

|                                      | December 31, 2013                 | December 31, 2012                 |
|--------------------------------------|-----------------------------------|-----------------------------------|
| Management fees                      |                                   |                                   |
| Administration fees                  |                                   |                                   |
| Depository fees                      |                                   |                                   |
| Legal fees                           |                                   |                                   |
| Audit fees                           |                                   |                                   |
| General Partner fees                 |                                   |                                   |
| Other expenses                       |                                   |                                   |
| <b>Total other operating charges</b> | <u>                          </u> | <u>                          </u> |
|                                      | <u>                          </u> | <u>                          </u> |



# Notes to the annual accounts for the year ended December 31, 2013

## 7 Fee arrangements

### Guidance

There should be a description of the fee structures with regards to General Partner fees, Investment Adviser fees, Custodian fees and similar. References can be made to the agreements governing the fees or prospectus.

## 8 Taxation

The Company is subject to the specific tax regime applicable to Luxembourg SICARs, a result of which is that specific qualifying investments are exempt from Luxembourg on income.

## 9 Off balance sheet commitments

### Explanatory note

Article 38 Law of 19 December 2002

All commitments not already included in the balance sheet as liabilities must be disclosed in notes with specific disclosure on any collateral granted on assets. Commitments in respect of affiliated undertakings (investments) must be disclosed separately.

Article 38  
Law of 19 December  
2002

## 10 Subsequent events

In January 2014 the investment in Beta was disposed of for an amount of [amount] EUR, substantially consistent with the fair value used in preparing these accounts. Cash inflows are expected by the end of March.

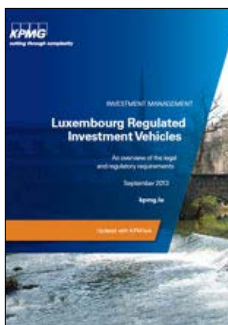
### Guidance

Significant events occurring after the financial year end but before the issuance of the annual report needs to be disclosed here.

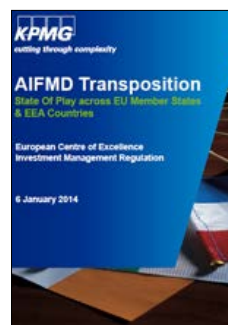
## Relevant KPMG publications



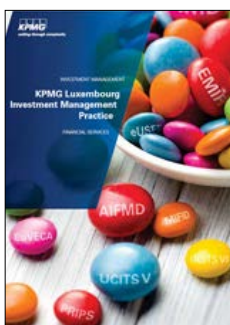
AIFMD  
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[http://www.kpmg.com/ LU/en/issuesandinsights/articlespublications/pages/alternative-investmentfund-managersdirective.aspx](http://www.kpmg.com/LU/en/issuesandinsights/articlespublications/pages/alternative-investmentfund-managersdirective.aspx)



Luxembourg Regulated Investment Vehicles  
<http://www.kpmg.com/ LU/en/issuesandinsights/articlespublications/Documents/Regulated-Investment-Vehicles-2013-11.pdf>



AIFMD Transposition  
<http://www.kpmg.com/ LU/en/issuesandinsights/articlespublications/Documents/AIFMD-Transposition-overview-6-01-2014.pdf>



KPMG Luxembourg Investment Management Practice  
<http://www.kpmg.com/ LU/en/issuesandinsights/articlespublications/Documents/2013-feuilles-IM.pdf>

## Useful links

### KPMG Luxembourg

<http://www.kpmg.lu>

### KPMG Luxembourg - Private Equity

<http://www.kpmg.com/ LU/en/industry/PrivateEquity/Pages/default.aspx>

### KPMG Luxembourg - Reglapedia

<http://www.kpmgregulapedia.lu/>

### CSSF

<http://www.cssf.lu/en/sicar>

### CSSF - AIFM

<http://www.cssf.lu/en/aifm/>

### Luxembourg Private Equity & Venture Capital Association

<http://www.lpea.lu/>

### Luxembourg Investment Funds Association

<http://www.alfi.lu>

### European Private Equity & Venture Capital Association

<http://evca.eu/>

### Institutional Limited Partners Association

<http://ilpa.org/>

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